

## Status of Audit Resolution

December 2003

Agency: 103

### Department of Community, Trade and Economic Development

Audit Number	Finding Number
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2002S	02	Finding:	The Department of Community, Trade and Economic Development (CTED) is not in compliance with state accounting and financial reporting requirements for accounts receivable.
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Resolution/Status: The Department concurs with this finding and has taken the following corrective action:

- The Department subsequently consulted with the Attorney General's Office (AGO) and, in the opinion of the AGO, since the provision for a default interest rate is not included in the promissory note, charging interest would conflict with the provisions of the contract. The Department is not required to charge interest on past due receivables.
- The Department worked with OFM to identify those systems that require OFM approval and determined that the systems currently used by the Department do not require OFM approval.
- In March 2003, the Accounting Services Office reviewed outstanding loans and adjusted the loan receivable balances to properly record loans to local governments.
- During Fiscal Year 2003 closing, the Accounting Services Office changed the Department's fiscal closing process to comply with state financial reporting requirements. All loans are properly classified between short and long-term balances.
- During Fiscal Year 2003 closing, the Accounting Services Office correctly recorded allowances for uncollectible accounts based on input from programs. Some programs are currently reviewing the collectibility of outstanding loans. Once the programs determine what portion, if any, is uncollectible, the related adjustments will be made in the state's accounting system.

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Agency: 103

### Department of Community, Trade and Economic Development

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2002F	22	Finding:	The Department of Community, Trade and Economic Development (CTED) did not prepare and submit required financial reports for the Low Income Home Energy Assistance program.
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Resolution/Status: The Department concurs with this finding and has taken the following corrective action:

- The Department immediately submitted the required financial reports as soon as it was brought to their attention that the reports were overlooked.
- The Department instituted a requirement that a grant profile be prepared on each new federal award received. This profile is prepared by the Accounting Services Office and summarizes key program and financial elements of the award as well as all requirements. As of August 2003, the Accounting Services Office had completed a profile for every award being administered by the Department.

To assist the Accounting Services Office in preparation of the grant profile, the Department is developing a federal award cover sheet that will be completed by the division of the Department receiving a federal award. The cover sheet will highlight program and administrative compliance requirements, including reporting requirements. The federal award cover sheet will be forwarded immediately to the Accounting Services Office along with a copy of the award. The federal award coversheet is presently in draft review status with implementation targeted for July 1, 2004.

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